



Town of North Stonington Board of Finance

Balanced Budget and Reconciliation Policy

Purpose: In the towns which operate under the CT general statutes, the Board of Finance has complete charge of the town government's financial activities. A balanced budget is necessary for proper financial management in local government. This Policy provides direction in development and approval per CT statutes.

Budget Development & Approval: Each year the Board of Selectmen and the Board of Education will develop and present to the Board of Finance an operating budget for approval.

Development:

Board of Selectmen (BoS)

The BoS will ensure annual revenues and municipal expenditures are included and avoid proposing annual budgets that overestimate revenues, defer maintenance or replacement of essential capital assets, roll over on short-term debt, or inadequately fund Town obligations.

Board of Education (BoE)

The BoE will prepare an itemized estimate of the cost of maintenance and administration of public schools for the ensuing year.

Board of Finance Review

The Board of Finance will review the detailed budgets for both the Board of Education and Board of Selectmen.

The Board of Finance will provide spending recommendations and suggestions back to the Boards within a specific timeline, where directed by statute. (i.e. Board of Education must be provided feedback within 10 days, see **Sec. 10-222**)

The Board of Finance must then vote to approve the submission of the budget to the town for voter approval.

Budget Approval:

The Board of Finance, in collaboration with the Board of Education and the Board of Selectmen, prepare the budget for voter approval at the annual town meeting.

Per CT state statute (**Sec. 7-344**) the Board of Finance will:

1. Hold a public hearing not less than two weeks before the annual town meeting to present itemized estimates of the expenditures of the town for the ensuing financial year.



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Refer to section “2.1 Date of annual Town Meeting” in North Stonington, Code of Ordinances.

2. Hold a public meeting to consider the estimates presented and any other matters brought to its attention during the public hearing.
3. Publish (1) an itemized statement of all actual receipts from all sources of such town during its last financial year; (2) an itemized statement of all actual expenditures during the same year; (3) an itemized estimate of anticipated revenues during the ensuing fiscal year from each source other than from local property taxes and an estimate of the amount which should be raised by local property taxation for such ensuing fiscal year; (4) an itemized estimate of expenditures of such town for such ensuing fiscal year; and (5) the amount of revenue surplus or deficit of the town at the beginning of the fiscal year

Setting the Tax Rate

The Board of Finance is responsible for setting the tax rate necessary to raise the specific amounts voted.

Timing: The town’s fiscal year begins on July 1st following the annual budget meeting; the tax rate is set after the budget is approved but before the fiscal year begins.

The tax rate should be set by mid-June to ensure tax bill can be issued in a timely manner and ensure the town cash flow is not put at risk.

In determining the tax rate, the board must take into account; estimated uncollectable taxes, abatements, and corrections. The levy must cover all expenses and any deficit occurring at the beginning of the fiscal year.

Calculation:

- 1) Determine amount of revenue collected from all tax sources provided by the Board of Selectmen
- 2) Subtract total amount of revenue from the approved budget. The remainder is the amount that must be raised from all property owners within North Stonington to find the **Tax levy**

Tax levy = budget - revenues

- 3) To determine the tax rate, divide the tax levy by the total taxable assessed value of all properties in North Stonington
- 4) Because tax rates are generally expressed as “per \$1,000 of taxable assessed value (mill rate),” the product is multiplied by 1,000

Mill rate = (tax levy ÷ total of all taxable assessments) x1000



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Temporary tax Rate:

In the event that the budget will not be approved before the tax rate is set in mid-June, the Board of Finance can make a recommendation to the Board of Selectman of a temporary tax rate to ensure town cash flow is not put at risk.

Budget Management

No department or person is authorized to expend any funds which have not been previously approved in the town's annual budget.

No department or person shall expend or enter into any contract that exceeds the department's budget.

See the "Transfers and Appropriations" section for guidance when a Board requires additional funding beyond what has been budgeted.

Per Connecticut General Statute Section (Sec. 7-349), anyone who expends town funds above that which has been approved in the budget is personally liable to the town to restore those the budget funds.

The BoS is required to monitor general government spending on a monthly basis and provide a monthly Profit and Loss report to the BoF.

The Board of Education is required to monitor their spending to ensure adherence with the approved budget, providing a monthly status report to the Board of Finance.

Transfers and Appropriation (Sec. 7-348.)

Unanticipated expenditures and revenue shortfalls caused by unforeseen circumstances can require a transfer of money between line items or even deficit spending. During the fiscal year all transfers between budget line items will require a majority vote from the Board of Finance.

To act on any appropriations or transfer requests the Board of Finance will refer to the "*Board of Finance Policy for Appropriation Requests and Transfers*".

Budget Close Out

At the close the fiscal year, departments will manage any additional transfers or appropriations prior to the audit by completing the "Board of Finance Appropriation/Transfer Request" form. Any surplus resulting at the close of the fiscal year will be returned to the North Stonington undesignated account.

Policy approved by a vote of the Board of Finance on November 3, 2021

Effective Date: 11-3-21

Signed: [Signature]

Chairman, Board of Finance



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Addendum A: General Budget Schedule, North Stonington

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| December | <ul style="list-style-type: none">• Requests for operating budgets sent to Departments, Boards & Commission and affiliates |
| January | <ul style="list-style-type: none">• Draft Budget Requests for General Government due to the Board of Selectmen |
| February | <ul style="list-style-type: none">• Presentations to Board of Selectmen & Board of Finance by requesting groups• Budget revisions by Board of Selectmen to General Government budgets |
| March | <ul style="list-style-type: none">• General Government & Capital budgets presentation by Board of Selectmen to Board of Finance• Education budget presentation by Board of Education to Board of Finance• Board of Finance budget review and recommendations• Adjustments made by Board of Finance and Board of Education |
| April | <ul style="list-style-type: none">• Annual Budget Hearing held not less than two weeks prior to the Annual Town Meeting• Board of Finance may adjust budget based on public feedback at Budget Hearing |
| May | <ul style="list-style-type: none">• Annual Town Meeting held first Monday of May• Budget sent to referendum vote |